

**ASSEMBLY, No. 1298**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblywoman GABRIELA M. MOSQUERA**

**District 4 (Camden and Gloucester)**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

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**District 36 (Bergen and Passaic)**

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**District 35 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblymen DeAngelo, Moriarty, Assemblywoman Lampitt,  
Assemblymen Benson and Chiaravalloti**

**SYNOPSIS**

“Garden State Manufacturing Jobs Act.”

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** authorizing the establishment of Garden State Corporations  
2       and supplementing Title 14A of the New Jersey Statutes.

3

4       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7       1. This act shall be known and may be cited as the “Garden  
8 State Manufacturing Jobs Act.”

9

10      2. As used in this act, “Garden State Corporation” means a  
11 corporation:

12      a. Which principally engages in manufacturing and principally  
13 utilizes facilities located within the State of New Jersey;

14      b. Which is organized under provisions of the “New Jersey  
15 Business Corporation Act,” N.J.S.14A:1-1 et seq.; and

16      c. Which has elected to become subject to this act, and whose  
17 status as a Garden State Corporation has not been terminated as  
18 provided in this act.

19

20      3. A Garden State Corporation shall be formed in accordance  
21 with chapter 2 of Title 14A of the New Jersey Statutes, except that  
22 the formation of the corporation shall be conducted in a manner  
23 consistent with the provisions of this act and its certificate of  
24 incorporation shall state that it is a Garden State Corporation. A  
25 Garden State Corporation may include the words “Garden State,”  
26 “codetermined,” “co-managed,” “employer-employee,”  
27 “manufacturing” or any combination of those terms in its corporate  
28 name.

29

30      4. a. A corporation organized under the provisions of the  
31 “New Jersey Business Corporation Act,” N.J.S.14A:1-1 et seq., may  
32 become a Garden State Corporation under this act by amending its  
33 certificate of incorporation so that it contains a statement that the  
34 corporation is a Garden State Corporation and it complies with the  
35 other provisions of this act.

36      b. If a corporation that is not a Garden State Corporation is a  
37 party to a merger or consolidation or is the exchanging corporation  
38 in a share exchange, and the surviving or new corporation in the  
39 merger, consolidation, or share exchange is to be a Garden State  
40 Corporation, then the plan of merger, consolidation, or share  
41 exchange shall not be effective unless it is adopted pursuant to the  
42 provisions of the “New Jersey Business Corporation Act,”  
43 N.J.S.14A:1-1 et seq.

44

45      5. a. A Garden State Corporation may terminate its status as a  
46 Garden State Corporation and cease to be subject to this act by a  
47 vote of the majority of the board of directors of that Garden State  
48 Corporation and by amending its certificate of incorporation to

1 delete the provision required by section 3 and subsection a. of  
2 section 4 of this act, pursuant to the provisions of the “New Jersey  
3 Business Corporation Act,” N.J.S.14A:1-1 et seq.

4 b. If a plan of merger, consolidation, or exchange would have  
5 the effect of terminating the status of a corporation as a Garden  
6 State Corporation, then the plan of merger, consolidation, or share  
7 exchange shall not be effective unless the Garden State Corporation  
8 has first terminated its status as a Garden State Corporation  
9 pursuant to subsection a. of this section and the plan is adopted  
10 pursuant to the provisions of the “New Jersey Business Corporation  
11 Act,” N.J.S.14A:1-1 et seq.

12  
13 6. The certificate of incorporation or by-laws of a Garden State  
14 Corporation shall provide that half of the members of the board of  
15 directors of the corporation are elected by the employees of the  
16 corporation who work in facilities in New Jersey and provide that  
17 the employee-elected members of the board shall have access to all  
18 documents and records of the corporation and equal authority with  
19 other members of the board regarding all matters affecting the  
20 business and affairs of the corporation, including: the selection and  
21 removal of officers of the corporation; the location of corporation  
22 facilities; the amendment or repealing of the by-laws or the  
23 certificate of incorporation of the corporation; any decision to seek  
24 to obtain or terminate the status of the corporation as a benefit  
25 corporation under the provisions of P.L.2011, c.30 (C.14A:18-1 et  
26 seq.); and any decision that may result in the termination of the  
27 status of the corporation as a Garden State Corporation under the  
28 provisions of this act.

29  
30 7. The certificate of incorporation or by-laws of a Garden State  
31 Corporation shall provide for the election, terms, classifications, if  
32 any, and removal of directors and officers pursuant to the  
33 provisions of “New Jersey Business Corporation Act,” N.J.S.14A:1-  
34 1 et seq., and the provisions of this act, and shall provide the  
35 procedures for the election of employee-elected members of the  
36 board of directors of the Garden State Corporation. Those  
37 procedures shall include requirements that:

38 a. Only employees of the Garden State Corporation who work  
39 in facilities in New Jersey shall be eligible to seek election and  
40 serve as employee-elected members of the board of directors;

41 b. Each employee of the Garden State Corporation who works  
42 in facilities in New Jersey, without respect to the position or rank of  
43 the employee or the amount of any ownership interest that the  
44 employee may have in the Garden State Corporation, shall have the  
45 right to vote in the selection of the employee-elected members of  
46 the board of directors, with the vote of each employee having equal  
47 weight with the vote of any other employee, and shall have the right

1 to seek election as an employee-elected member of the board of  
2 directors and serve on the board if elected.

3 Vacancies in employee-elected director positions resulting from  
4 death, resignation, or removal shall be filled for the remainder of  
5 the term by a majority vote of the employee-elected members of the  
6 board of directors of the Garden State Corporation.

7  
8 8. a. If a corporation is a Garden State Corporation but has not  
9 obtained the status of a benefit corporation under the provisions of  
10 P.L.2011, c.30 (C.14A:18-1 et seq.), it shall be allowed a credit  
11 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
12 (C.54:10A-5), as follows:

13 (1) During each of the first five tax years in which it is  
14 continuously a Garden State Corporation, but is not a benefit  
15 corporation, an amount equal to 35% of the corporation's liability  
16 for such tax;

17 (2) During the sixth and seventh tax years in which it is  
18 continuously a Garden State Corporation, but is not a benefit  
19 corporation, an amount equal to 25% of the corporation's liability  
20 for such tax; and

21 (3) During the eight and ninth tax years in which it is  
22 continuously a Garden State Corporation, but is not a benefit  
23 corporation, an amount equal to 15% of the corporation's liability  
24 for such tax.

25 b. Except as provided in subsection c. of this section, if the  
26 corporation is a Garden State Corporation and has also obtained the  
27 status of a benefit corporation, it shall be allowed a credit against  
28 the tax imposed pursuant to section 5 of P.L.1945, c.162  
29 (C.54:10A-5), as follows:

30 (1) During each of the first five tax years in which it is  
31 continuously both a Garden State Corporation and a benefit  
32 corporation, an amount equal to 60% of the corporation's liability  
33 for such tax;

34 (2) During the sixth and seventh tax years in which it is  
35 continuously both a Garden State Corporation and a benefit  
36 corporation, an amount equal to 45% of the corporation's liability  
37 for such tax; and

38 (3) During the eight and ninth tax years in which it is  
39 continuously both a Garden State Corporation and a benefit  
40 corporation, an amount equal to 30% of the corporation's liability  
41 for such tax.

42 c. For each year that the corporation receives a tax credit  
43 pursuant to paragraph (1) of subsection b. of this section, the  
44 maximum number of years for which the corporation may receive a  
45 tax credit pursuant to paragraph (1) of subsection a. of this section  
46 shall be reduced by one year. For each year that the corporation  
47 receives a tax credit pursuant to paragraph (2) of subsection b. of  
48 this section, the maximum number of years for which the

1 corporation may receive a tax credit pursuant to paragraph (2) of  
2 subsection a. of this section shall be reduced by one year. For each  
3 year that the corporation receives a tax credit pursuant to paragraph  
4 (3) of subsection b. of this section, the maximum number of years  
5 for which the corporation may receive a tax credit pursuant to  
6 paragraph (3) of subsection a. of this section shall be reduced by  
7 one year.

8 d. The order of priority of the application of the credit allowed  
9 under this section and any other credits allowed by law shall be as  
10 prescribed by the Director of the Division of Taxation. The amount  
11 of the credit applied under this section against the tax imposed  
12 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a  
13 privilege period shall not exceed the amount of any credit granted  
14 pursuant to this section plus the amount of any other credits allowed  
15 by law that shall reduce the total tax liability otherwise due by not  
16 more than 25 percent, and shall not reduce the tax liability to an  
17 amount less than the statutory minimum provided in subsection (e)  
18 of section 5 of P.L.1945, c.162 (C.54:10A-5). An unused credit  
19 may be carried forward, if necessary, for use in the first privilege  
20 period following the privilege period for which the credit is  
21 allowed.

22 e. The director shall develop, pursuant to the "Administrative  
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), criteria for  
24 determining eligibility under this section, in consultation with the  
25 State Treasurer and the New Jersey Economic Development  
26 Authority.

27  
28 9. This act shall take effect on the July 1 next following the  
29 date of enactment.  
30

### 31 32 STATEMENT 33

34 This bill permits the establishment of a new type of corporation  
35 termed as a Garden State Corporation. Garden State Corporations  
36 would be corporations that are principally engaged in manufacturing,  
37 principally utilizing facilities located in New Jersey, and which  
38 provide employees with a greater role in the corporate decision-  
39 making process. Garden State Corporations would qualify for credits  
40 against the corporation business tax.

41 The bill allows a corporation to be formed as a Garden State  
42 Corporation, an existing corporation to convert to become a Garden  
43 State Corporation, and a Garden State Corporation to terminate its  
44 status as a Garden State Corporation. The certificate of incorporation  
45 or by-laws of a Garden State Corporation must provide that half of the  
46 members of the board of directors of the corporation are elected by the  
47 employees of the corporation who work in New Jersey facilities. The  
48 employee-elected members of the board would have access to all

1 corporation documents and records and equal authority with other  
2 members of the board regarding all matters affecting the business and  
3 affairs of the corporation, including:

- 4 • The selection and removal of officers of the corporation;
- 5 • The amendment or repealing of the by-laws or the certificate of  
6 incorporation of the corporation;
- 7 • Any decision regarding the location of corporation facilities;
- 8 • Any decision to seek to obtain or terminate the status of the  
9 corporation as a benefit corporation under the provisions of  
10 P.L.2011, c.30 (C.14A:18-1 et seq.); and
- 11 • Any decision that may result in the termination of the status of  
12 the corporation as a Garden State Corporation.

13 To qualify as a Garden State Corporation, a corporation's  
14 governing documents must include procedures regarding the election  
15 of the employee-elected board members which require that only  
16 employees of the Garden State Corporation who work in facilities in  
17 New Jersey are eligible to seek election and serve as employee-elected  
18 members of the board of directors. The bill requires that each  
19 employee of the corporation who works in facilities in New Jersey,  
20 without respect the position or rank of the employee or the amount of  
21 any ownership interest that the employee may have in the corporation,  
22 have the right to vote in the selection of the employee-elected  
23 members of the board of directors, with the vote of the employee vote  
24 having equal weight with the vote of any other employee, and the right  
25 to seek election as an employee-elected member of the board of  
26 directors and serve on the board if elected.

27 The bill provides that a Garden State Corporation would qualify  
28 for credits against the corporation business tax. These credits vary as  
29 to years of operation and whether the Garden State Corporation is also  
30 a "benefit corporation" under P.L.2011, c.30 (C.14A:18-1 et seq.).

31 If a corporation is a Garden State Corporation but not a "benefit  
32 corporation," the bill allows the corporation credits against its liability  
33 for the corporation business tax of: 35% during the first five tax years  
34 in which it is continuously a Garden State Corporation; 25% during  
35 the sixth and seventh tax years, and 15% during the eight and ninth tax  
36 years. If a corporation is both a Garden State Corporation and a  
37 "benefit corporation," the bill allows the corporation credits against its  
38 liability for the corporation business tax of: 60% during the first five  
39 tax years in which it is continuously both a Garden State Corporation  
40 and a benefit corporation; 45% during the sixth and seventh tax years,  
41 and 30% during the eight and ninth tax years.

42 The number of tax years in which the lower tax credit for being  
43 only a Garden State Corporation applies would be reduced by the  
44 number of years in which the higher tax credit for being both a Garden  
45 State Corporation and a "benefit corporation" applies, thus limiting to  
46 nine the total number of tax years to which the credits may apply.